

Registered number: 08168237 (England and Wales)

**BRADGATE EDUCATION PARTNERSHIP
(FORMERLY GADDESBY PRIMARY SCHOOL)**

(A company limited by guarantee)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 2016

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BRADGATE EDUCATION PARTNERSHIP
(A company limited by guarantee)

CONTENTS

	Page
Reference and administrative details	1
Trustees' report	2 - 9
Governance statement	10 - 12
Statement on regularity, propriety and compliance	13
Statement of Trustees' responsibilities	14
Independent auditors' report on the financial statements	15 - 16
Independent auditors' assurance report on regularity	17 - 18
Statement of financial activities incorporating income and expenditure account	19
Balance sheet	20
Statement of cash flows	21
Notes to the financial statements	22 - 43

BRADGATE EDUCATION PARTNERSHIP
(A company limited by guarantee)

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE ACADEMY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 AUGUST 2016**

Members	H Seary (resigned 14 July 2016) P Wardman (resigned 14 July 2016) M Lygo (resigned 14 July 2016) H Bakewell (appointed 14 July 2016) J Ingleton (appointed 14 July 2016) K Lock (appointed 14 July 2016) G Love (appointed 14 July 2016)
Trustees	P Wardman, Chair of Trustees (resigned 14 July 2016) ¹ M Lygo, Vice Chair (resigned 14 July 2016) H Seary, Chair of Trustees ¹ M Chapman (resigned 14 July 2016) G Nelmes, Executive Headteacher ¹ M Busby (resigned 14 July 2016) ¹ L Simms, Staff Trustee (appointed 31 December 2015, resigned 14 July 2016) R Hensman (resigned 14 July 2016) S Hensman (resigned 14 October 2015) B Hargrave (resigned 14 July 2016) R Machin (resigned 14 July 2016) ¹ K Wale (resigned 14 July 2016) S Wood (resigned 18 May 2016) L Fox, Head of School (resigned 14 July 2016) N Ainscough (resigned 1 September 2015) J Duxbury (resigned 1 September 2015) J Tickle (appointed 14 July 2016) R Spencer (appointed 14 July 2016) D Ellis (appointed 14 July 2016) S Hall (appointed 14 July 2016) K Lock (appointed 14 July 2016)
	¹ Finance committee
Senior management team	G Nelmes, Executive Headteacher L Fox, Head of School
Company name	Bradgate Education Partnership
Company registered number	08168237
Principal and registered office	Ashby Road Gaddesby Leicester Leicestershire LE7 4WF
Independent auditors	Clear & Lane Limited Chartered Accountants 340 Melton Road Leicester LE4 7SL
Bankers	Lloyds Bank Plc 7 Sherrard Street Melton Mowbray Leicestershire LE13 1XR

BRADGATE EDUCATION PARTNERSHIP
(A company limited by guarantee)

TRUSTEES' REPORT
FOR THE YEAR ENDED 31 AUGUST 2016

The Trustees present their annual report together with the financial statements and auditor's report of the charitable company for the year 1 September 2015 to 31 August 2016. The Annual report serves the purposes of both a Trustees' report, and a Directors' report under company law.

The Trust operates an Academy for pupils aged 4 to 11 serving a catchment area in Gaddesby, South Croxton, Ashby Folville and Barsby. It has a pupil capacity of 175 and had a roll of 116 in the school census in January 2016.

STRUCTURE, GOVERNANCE AND MANAGEMENT

● **Constitution**

The Academy Trust is a company limited by guarantee and registered exempt charity. The charitable company's Memorandum and Articles of Association are the primary governing documents of the Academy Trust. On 11 July 2016 the charitable company changed its name from Gaddesby Primary School to Bradgate Education Partnership, but continues to operate under the name of Gaddesby Primary School.

The charitable company was incorporated on 3 August 2012. The school converted to Academy status on 1 October 2012 when its operations, assets and liabilities were transferred to the Academy from the Local Authority. On 1 September 2016 10 academies entered the Trust, which became a Multi Academy Trust. The academies joining the Trust on this date are listed in note 25 to the Financial Statements.

The Governors act as the Trustees for the charitable activities of Gaddesby Primary School and are also the directors of the charitable company for the purposes of company law. The charitable company is known as Gaddesby Primary School. Details of the Trustees who served throughout the year, except as noted, are in the governance section.

● **Members' liability**

Each member of the charitable company undertakes to contribute to the assets of the charitable company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

● **Trustees' indemnities**

In accordance with normal practice the school has purchased insurance to protect the Trustees and officers from claims arising from negligent acts, errors or omissions whilst on school business. The cover under the policy is for £3 million and the sum of £128 (2015 - £1,101) was paid in premiums for the period.

BRADGATE EDUCATION PARTNERSHIP
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

● **Method of recruitment and appointment or election of Trustees**

Trustees are appointed as follows:

Parent Trustees: Parent Trustees shall be elected by parents of registered pupils at the Academy. A Parent Trustee must be a parent of a pupil at the Academy at the time when he is elected. The arrangements made for the election of a Parent Trustee shall provide for every person who is entitled to vote in the election to have an opportunity to do so by post or, if he prefers, by having his ballot paper returned to the Academy Trust by a registered pupil at the Academy.

Where a vacancy for a Parent Trustee is required to be filled by election, the Board of Trustees shall take such steps as are reasonably practical to secure that every person who is known to them to be a parent of a registered pupil at the Academy is informed of the vacancy and that it is required to be filled by election, informed that he is entitled to stand as a candidate, and vote at the election, and given an opportunity to do so.

Staff Trustees: The Headteacher shall be treated for all purposes as being an ex officio governor. Two other members of staff are elected by the Board of Trustees.

Community Trustees: The Community Trustees may be appointed by the Board of Trustees provided that the person who is appointed as a Community Trustee is:

- (a) a person who lives or works in the community served by the Academy; or
- (b) a person who, in the opinion of the Board of Trustees, is committed to the government and success of the Academy.

● **Policies and procedures adopted for the induction and training of Trustees**

We expect all Trustees to undertake training as appropriate to their work at the school.

We have arranged through the Umbrella Trust, Syston and Thurmaston Education Partnership (STEP) to undertake collective Trustee training with other schools when appropriate.

BRADGATE EDUCATION PARTNERSHIP
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

● **Organisational structure**

The Trustees determine the general policy of the school. The day to day running of the school is delegated to the Executive Headteacher, supported by staff. The Executive Headteacher undertakes the key leadership role overseeing educational, pastoral and administrative functions in consultation with staff. The day to day administration is undertaken within the policies and procedures approved by the Trustees which provide for only significant expenditure decisions and major capital projects to be referred to the Trustees for prior approval.

The Executive Headteacher oversees the recruitment of all educational staff but gets support for recruitment from the Trustees. The Executive Headteacher is an ex officio Trustee, Accounting Officer and attends all meetings. The School Business Manager is invited to attend Trustee meetings and curriculum meetings as appropriate.

The Governors are also the charity Trustees and are responsible for the overall management and control of the school. Trustees meet at least three times a year (each term) for a full Trustees meeting but additional meetings may be called if required.

The Trustees each school year, at their first meeting in that year, elect a Chairman and a Vice Chairman from among their numbers. A Trustee who is employed by the Academy Trust shall not be eligible for election as Chairman or Vice Chairman.

In addition to the full Trustees meetings there are also smaller committee meetings which usually meet at least once a term and cover performance management, finance, curriculum, health and safety, and forward planning. The clerk to the Trustees is responsible for preparing agendas and papers and sending out minutes. The School Business Manager is responsible for preparing the school's accounts.

All the Trustees give their time freely.

● **Pay policy for key management personnel**

The arrangements for setting the pay and remuneration of the academy's key management personnel is to use the local authority's human resources department. HR benchmark against other local and similar sized schools. They ensure that all correct parameters and criterion are followed when advising on pay. The governing body then use this information to support their decision making.

BRADGATE EDUCATION PARTNERSHIP
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

● **Connected organisations, including related party relationships**

The Academy Trust is part of a larger umbrella trust called Syston and Thurmaston Education Partnership (STEP). STEP is a charitable company with objects amongst other things for the advancement of education for the public benefit in the United Kingdom and has been incorporated by the schools as a vehicle to combine their respective expertise for the purpose of supporting collaboration between the schools to deliver school improvement and to capture "best practice".

The schools acknowledge that collaboration and partnership is embedded in the school system. The schools therefore intend to work together and support each other by establishing STEP to raise standards across the schools and improve achievement levels.

The schools in the STEP group work within a legal agreement to use their working relationship to co-operate with each other, to deliver the aims and objectives of STEP. The schools work in good faith, with a spirit of openness, honesty, trust and respect for each other and each other's roles.

In 2012 the STEP partnership was set up by 12 schools with an established network of collaborative working. The group has grown from strength to strength and in 2014 was designated teaching school status forming the group the STEP Teaching School Alliance (STEP TSA). The group has evolved into a thriving partnership of 22 primary and secondary schools from across Leicester, Leicestershire and surrounding areas.

The STEP TSA finances are managed by Gaddesby Primary School and are held within their restricted funds. Details of STEP TSA reserves as at 31 August 2016 can be found in note 15 of the Financial Statements.

Friends of Gaddesby School is a supportive group of friends who raise money on behalf of the school through events. All income raised by the group is donated directly to the school and therefore they hold no funds. They raised funds this year and bought the school children water bottles and iPads.

OBJECTIVES AND ACTIVITIES

● **Objects and aims**

Gaddesby Primary School's object is specifically restricted to advance for the public benefit education in the United Kingdom, in particular but without prejudice to the generality of the foregoing by establishing, maintaining, carrying on, managing and developing a school offering a broad and balanced curriculum.

● **Objectives, strategies and activities**

Priorities for Improvement 2015 - 2016

Priorities	
Priority 1	To develop and improve the overall attainment in reading by focusing mainly on progress and attainment of Boys and SEN pupils.
Priority 2	To improve the standard of boys writing to ensure that all pupils make good or outstanding progress (identify pupils).
Priority 3	To increase the number of pupils attaining the equivalent of a Level 5 (ASS +125) for boys in reading and SPG and for girls in Maths (identify target pupils).
Priority 4	To ensure effective progress for all pupils, monitored using classroom monitor (Life without levels).
Priority 5	To further embed British Values in the everyday life of Gaddesby Primary School.

BRADGATE EDUCATION PARTNERSHIP
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

- **Public benefit**

In addition to the principal educational activities detailed above, the school aims to promote for the benefit of individuals living in Gaddesby and the surrounding area who have need by reason of their age, infirmity or disability, financial hardship or social or economic circumstances or for the public at large the provision of facilities for recreation or other leisure time activities in the interest of social welfare and with the object of improving the condition of life of the said individuals.

The Trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

STRATEGIC REPORT

ACHIEVEMENTS AND PERFORMANCE

- **Review of activities and key academic performance indicators**

The Trustees continue to be pleased with the performance and development of the school. The Academy achieves results that are well above the national average in all key areas. The Executive Headteacher and Head of School act as advisors to leaders of other schools in the area. This activity provides additional income for the Academy, as well as developing the skills and experience of the Gaddesby team members involved, to the benefit of the school.

SATs Data 2016 (KS2)

Percentage of pupils achieving the expected standard.

	Gaddesby Primary School	National	Difference
Reading	67%	66%	+1%
Grammar Punctuation and Spelling	58%	72%	-14%
Mathematics	83%	70%	+13%
Writing	92%	74%	+18%
RWM Combined	58%	53%	+5%

- **Going concern**

After making appropriate enquiries, the Board of Trustees has a reasonable expectation that the Academy has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the statement of Accounting Policies.

BRADGATE EDUCATION PARTNERSHIP
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

FINANCIAL REVIEW

• **Financial review**

The academy had a net increase in funds for the year ended 31 August 2016 of £138,861 including fixed assets movements. As at 31 August 2016 the academy held £88,202 of unrestricted reserves plus £203,250 of unspent (non-fixed asset) restricted funds. The academy therefore held combined unrestricted and non-fixed asset restricted funds, being its available reserves of £291,452.

The academy trust had a pension deficit on their Local Government Pension Scheme of £133,000 at 31 August 2016 and a fixed asset reserve of £2,324,943 (being the book value of past purchases £2,319,763 plus £5,180 of unspent capital grants).

There are no significant factors going forward that are expected to impact on the normal continuing operation of the academy. The principle financial management policies adopted in the period are included in the academy's internal financial policies and are typical for an academy trust of this size and type. There were no unusual significant events worthy of comment during the year.

The principal sources of funding for the academy are the General Annual Grant (GAG) and other EFA/DfE grants, such as Pupil Premium. This funding has been used to support the key educational objectives of the academy trust, subject to any remaining reserves.

The academy's investment policy is only to hold cash reserves on deposit with major holding banks so as to minimise risk.

• **Reserves policy**

The trustees have developed a reserves policy for the school which is reviewed at least annually. The academy needs to hold reserves to allow for contingencies such as unfunded building repairs, unexpected staffing costs and to allow for some uncertainty in future government funding. The trustees have determined that the appropriate level of free reserves, which it considers to be unrestricted funds plus unspent General Annual Grant (GAG), should be approximately one months expenditure based on the 2015/16 annual budget, being approximately £74,000.

Actual free reserves plus unspent GAG as at 31 August 2016 were £155,295, being approximately £80,000 higher than the target level set by the trustees. The trustees intend to use these excess funds to finance future developments. The academy also held other available restricted funds at the year end of the year of £136,157. Total available reserves, being both the above figures at 31 August 2016 were £291,452. Cash at bank at 31 August 2016 was £151,395 higher than total available reserves due principally to unspent capital grants of £5,180, Universal Infant Free School Meals income received in advance of the Autumn Term of £14,913, Condition Improvement Funding received in advance of £93,320 and various other accruals timing differences.

At 31 August 2016 the academy's fixed asset reserve of £2,324,943 represented £2,319,763 of funds which could only be realised if the assets were sold, plus £5,180 of unspent capital grants.

The only reserve in deficit at the year end was the pension reserve (deficit of £133,000) which will be addressed via contribution rates decided on from time to time by the pension scheme actuaries. This deficit has arisen, as with many other schemes of this type, mainly due to increased life expectancies and reduced investment returns.

BRADGATE EDUCATION PARTNERSHIP
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

• **Investments policy**

The academy's investment policy is only to hold cash reserves on deposit with major holding banks so as to minimise risk. Available rates are reviewed from time to time and where returns are judged sufficient to more than offset the administrative cost of managing deposit funds, such accounts may be used.

The Board of Trustees has re examined its situation in the first period of account and decided that money may in future be placed on bank deposit if the benefits of any interest earned outweighs the extra administrative burden and any limitation on access to funds. The Finance Committee will keep a close eye on this and keep reviewing as required.

• **Principal risks and uncertainties**

The highest risk factor that a school would have to face would be reduction in intake of pupils which would have an impact in funding reduction. The school would have financial concerns if the number of pupils dropped below 100 pupils

The school has compiled a risk register and analysed risks and controls in place for each risk. The risks are reviewed by the Board of Trustees & sub committees at least annually.

The school's system of internal financial control is based on a framework of regular management information and administrative procedures including segregation of duties and a system of delegation and accountability. In particular it includes;

- Comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed by the Finance Committee and the whole Board of Trustees
- Regular reviews by the Finance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes
- Setting targets to measure financial and other performance
- Clearly defined purchasing (asset purchase or capital investment) guidelines
- Delegation of authority and segregation of duties
- Identification and management of risks

The Trustees ensure that all internal auditors and external auditors are allowed access to staff, premises and documents, as necessary. The Finance Committee shall discuss all audit reports and agree implementation of audit recommendations with the Executive Headteacher and Head of School. The Finance Committee will then report back to the Board of Trustees.

At 31 August 2016 the pension deficit on the Local Government Pension Scheme stood at £133,000. The Academy has mitigated its risk in relation to this pension scheme by taking out insurance against early retirement on the grounds of ill health. Changes in contributions rates as decided upon by the actuaries of the scheme are budgeted for as soon as they are known, when they are updated every three years.

Parliament has agreed, at the request of the Secretary of State for Education, to guarantee that, in the event of Academy closure, outstanding pension scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

BRADGATE EDUCATION PARTNERSHIP
(A company limited by guarantee)

TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 AUGUST 2016

PLANS FOR FUTURE PERIODS

• **Future developments**

The school has been running a Teaching School Alliance for two years now and has had a good start with 7 schools joining the original 10 from STEP. The Teaching School was awarded a grant of £50,000 for 2015/16 to support the leadership and administrative capacity to undertake their work for the alliance. The steering group manages the strategic direction of the Teaching School and meets every term.

Our future plans are financed from income direct from the EFA and DfE, related to pupil numbers and other lump sum factors. Trustees will ensure funding is invested appropriately for the next generation of pupils as they have done in the past for current pupils.

In future the school will become the lead school of a newly formed Multi Academy trust (MAT). The MAT will consist of 11 schools (including Gaddesby Primary School), 10 Primary (2 Local Authority and 8 Academy), and 1 secondary.

Funds held as custodian

The Academy does not hold funds on behalf of any other organisations.

Disclosure of information to auditors

Insofar as the Trustees are aware:


- there is no relevant audit information of which the charitable company's auditors are unaware
- the Trustees have taken all the steps that ought to have been taken to make themselves aware of any relevant information and to establish that the auditor is aware of that information.

Auditors

The auditors, Clear & Lane Limited, have indicated their willingness to continue in office. The Designated Trustees will propose a motion re-appointing the auditors at a meeting of the Trustees.

The Trustees' Report, incorporating the Strategic Report, was approved by order of the Board of Trustees as the company directors, on 5 December 2016 and signed on the board's behalf by:


H Seary
Chair of Trustees


G Nelmes
Accounting Officer

BRADGATE EDUCATION PARTNERSHIP
(A company limited by guarantee)

GOVERNANCE STATEMENT

Scope of Responsibility

As Trustees, we acknowledge we have overall responsibility for ensuring that Bradgate Education Partnership has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Board of Trustees has delegated the day-to-day responsibility to the Executive Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Bradgate Education Partnership and the Secretary of State for Education. They are also responsible for reporting to the Board of Trustees any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Trustees' report and in the Statement of Trustees' responsibilities. The Board of Trustees has formally met 7 times during the year. Attendance during the year at meetings of the Board of Trustees was as follows:

Trustee	Meetings attended	Out of a possible
P Wardman, Chair of Trustees	6	7
M Lygo, Vice Chair	6	7
H Seary, Chair of Trustees	4	7
M Chapman	4	7
G Nelmes, Executive Headteacher	7	7
M Busby	7	7
L Simms, Staff Trustee	6	7
R Hensman	6	7
S Hensman	0	0
B Hargrave	7	7
R Machin	6	7
K Wale	5	7
S Wood	0	7
L Fox, Head of School	7	7
N Ainscough	0	0
J Duxbury	0	0
J Tickle	0	0
R Spencer	0	0
D Ellis	0	0
S Hall	0	0
K Lock	0	0

Governance reviews:

The Governors annual review of 2015/16 was undertaken during the Autumn Term 2016 following a whole school data review and performance management was been carried out.

The Board of Trustees intends to conduct another self evaluation review during the forthcoming year.

The Finance Committee is a sub-committee of the main Board of Trustees. Its purpose is to control expenditure and income in accordance with the budget.

BRADGATE EDUCATION PARTNERSHIP
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

Attendance at meetings in the year was as follows:

Trustee	Meetings attended	Out of a possible
R Machin	2	6
H Seary	5	6
G Nelmes	5	6
L Fox	6	6
M Busby	6	6
M Lygo	2	2

Review of Value for money

As Accounting Officer, the Executive Headteacher has responsibility for ensuring that the Academy delivers good value in the use of public resources. The Accounting Officer understands that value for money refers to the educational and wider societal outcomes achieved in return for the taxpayer resources received.

The Accounting Officer considers how the Academy's use of its resources has provided good value for money during each academic year, and reports to the Board of Trustees where value for money can be improved, including the use of benchmarking data where appropriate. The Accounting Officer for the Academy has delivered improved value for money during the year by:

- Benchmarking costs against other schools within STEP
- Re negotiation of costs for major capital works
- Economies of scale via group purchasing negotiations
- Maximising additional income streams via grant applications

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Academy policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Bradgate Education Partnership for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements.

Capacity to Handle Risk

The Board of Trustees has reviewed the key risks to which the Academy is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Board of Trustees is of the view that there is a formal ongoing process for identifying, evaluating and managing the Academy's significant risks, that has been in place for the year 1 September 2015 to 31 August 2016 and up to the date of approval of the annual report and financial statements. This process is regularly reviewed by the Board of Trustees.

The Risk and Control Framework

The Academy's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Trustees;
- regular reviews by the Finance Committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines.
- delegation of authority and segregation of duties;
- identification and management of risks.

BRADGATE EDUCATION PARTNERSHIP
(A company limited by guarantee)

GOVERNANCE STATEMENT (continued)

The Board of Trustees has considered the need for a specific internal audit function and has decided to appoint Leicestershire County Council Internal Audit Services as internal auditor.

The internal auditor's role includes giving advice on financial matters and performing a range of checks on the Academy's financial systems. On annual basis, the internal auditor reports to the Board of Trustees on the operation of the systems of control and on the discharge of the Board of Trustees' financial responsibilities.

The latest internal audit visit was in November 2015. No material control issues were identified as a result of the internal auditor's review work.

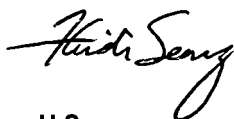
Review of Effectiveness

As Accounting Officer, the Executive Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the internal auditor;
- the work of the external auditors;
- the work of the executive managers within the Academy who have responsibility for the development and maintenance of the internal control framework.

The Accounting Officer has been advised of the implications of the result of their review of the system of internal control by the Finance Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Approved by order of the members of the Board of Trustees on 5 December 2016 and signed on their behalf, by:



H Seary
Chair of Trustees



G Nelmes
Accounting Officer

BRADGATE EDUCATION PARTNERSHIP
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STATEMENT ON REGULARITY, PROPRIETY AND COMPLIANCE

As Accounting Officer of Bradgate Education Partnership I have considered my responsibility to notify the academy trust board of trustees and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State for Education. As part of my consideration I have had due regard to the requirements of the Academies Financial Handbook 2015.

I confirm that I and the academy trust board of trustees are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook 2015.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the board of trustees and EFA.



G Nelmes
Accounting Officer

Date: 5 December 2016

BRADGATE EDUCATION PARTNERSHIP
(A company limited by guarantee)

STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 AUGUST 2016

The Trustees (who act as governors of Bradgate Education Partnership and are also the directors of the charitable company for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Trustees are required to:


- select suitable accounting policies and then apply them consistently;
- observe the methods and principles of the Charities SORP 2015 and the Academies' Accounts Direction 2015 to 2016;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (FRS 102) have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for ensuring that in its conduct and operation the charitable company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from the EFA/DfE have been applied for the purposes intended.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by order of the members of the Board of Trustees on 5 December 2016 and signed on its behalf by:



H Seary
Chair of Trustees

BRADGATE EDUCATION PARTNERSHIP
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
BRADGATE EDUCATION PARTNERSHIP**

We have audited the financial statements of Bradgate Education Partnership for the year ended 31 August 2016 which comprise the statement of financial activities incorporating income and expenditure account, the balance sheet, the Statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

This report is made solely to the academy's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the academy's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the academy and its members, as a body, for our audit work, for this report, or for the opinion we have formed.

Respective responsibilities of Trustees and auditors

As explained more fully in the Statement of Trustees' responsibilities, the Trustees (who are also the directors of the academy for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the academy's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Qualified opinion on financial statements arising from limitation in audit scope

Except for any adjustment that might have been found necessary had we been able to obtain sufficient evidence concerning the details of the valuation of land and buildings donated by the local education authority (provided by the Education Funding Agency) in our opinion the financial statements:

- give a true and fair view of the state of the academy's affairs as at 31 August 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Charities SORP 2015 and the Academies Accounts Direction 2015 to 2016 issued by the Education Funding Agency.

BRADGATE EDUCATION PARTNERSHIP
(A company limited by guarantee)

**INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS TO THE MEMBERS OF
BRADGATE EDUCATION PARTNERSHIP**

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' report, incorporating the Strategic report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Luke Turner ACA FCCA (Senior statutory auditor)

for and on behalf of

Clear & Lane Limited

Chartered Accountants
Statutory Auditors

340 Melton Road

Leicester

LE4 7SL

Date:

14/12/16

BRADGATE EDUCATION PARTNERSHIP
(A company limited by guarantee)

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO BRADGATE
EDUCATION PARTNERSHIP AND THE EDUCATION FUNDING AGENCY**

In accordance with the terms of our engagement letter dated 8 February 2016 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies Accounts Direction 2015 to 2016, we have carried out an engagement to obtain limited assurance about whether the expenditure disbursed and income received by Bradgate Education Partnership during the year 1 September 2015 to 31 August 2016 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to Bradgate Education Partnership and the EFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to Bradgate Education Partnership and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Bradgate Education Partnership and the EFA, for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of Bradgate Education Partnership's accounting officer and the reporting auditors

The accounting officer is responsible, under the requirements of Bradgate Education Partnership's funding agreement with the Secretary of State for Education dated 1 October 2012, and the Academies Financial Handbook extant from 1 September 2015, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2015 to 2016. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2015 to 2016 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy's income and expenditure.

The work undertaken to draw our conclusion includes:

- On a sample basis testing transactions and balances.
- Making enquiries of the academy regarding systems and controls in place that are relevant to our regularity conclusion.
- On a sample basis reviewing records for evidence of those systems and controls in operation.

BRADGATE EDUCATION PARTNERSHIP
(A company limited by guarantee)

**INDEPENDENT REPORTING AUDITORS' ASSURANCE REPORT ON REGULARITY TO BRADGATE
EDUCATION PARTNERSHIP AND THE EDUCATION FUNDING AGENCY (continued)**

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the year 1 September 2015 to 31 August 2016 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.



Luke Turner ACA FCCA (Senior statutory auditor)

for and on behalf of

Clear & Lane Limited

Chartered Accountants
Statutory Auditors

340 Melton Road
Leicester
LE4 7SL

Date: 14/12/16

BRADGATE EDUCATION PARTNERSHIP
(A company limited by guarantee)

**STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 2016**

	Note	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
INCOME FROM:						
Donations and capital grants	2	-	186	160,098	160,284	883,181
Charitable activities	5	-	810,181	-	810,181	609,390
Other trading activities	3	10,550	-	-	10,550	3,851
Investments	4	297	116	-	413	1,627
TOTAL INCOME		10,847	810,483	160,098	981,428	1,498,049
EXPENDITURE ON:						
Raising funds		543	-	-	543	270
Charitable activities		-	735,941	60,083	796,024	599,685
TOTAL EXPENDITURE	7	543	735,941	60,083	796,567	599,955
NET INCOME BEFORE TRANSFERS		10,304	74,542	100,015	184,861	898,094
Transfers between funds	15	-	(2,228)	2,228	-	-
NET INCOME BEFORE OTHER GAINS AND LOSSES		10,304	72,314	102,243	184,861	898,094
Actuarial gains/(losses) on defined benefit pension schemes	20	-	(46,000)	-	(46,000)	4,000
NET MOVEMENT IN FUNDS		10,304	26,314	102,243	138,861	902,094
RECONCILIATION OF FUNDS:						
Total funds brought forward		77,898	43,936	2,222,700	2,344,534	1,442,440
TOTAL FUNDS CARRIED FORWARD		88,202	70,250	2,324,943	2,483,395	2,344,534

BRADGATE EDUCATION PARTNERSHIP
(A company limited by guarantee)
REGISTERED NUMBER: 08168237

BALANCE SHEET
AS AT 31 AUGUST 2016

	Note	£	2016 £	£	2015 £
FIXED ASSETS					
Tangible assets	12		2,319,763		2,217,540
CURRENT ASSETS					
Debtors	13	9,223		64,960	
Cash at bank and in hand		442,847		321,393	
		<u>452,070</u>		<u>386,353</u>	
CREDITORS: amounts falling due within one year	14	(155,438)		(181,359)	
NET CURRENT ASSETS			296,632		204,994
TOTAL ASSETS LESS CURRENT LIABILITIES			2,616,395		2,422,534
Defined benefit pension scheme liability	20		(133,000)		(78,000)
NET ASSETS INCLUDING PENSION SCHEME LIABILITIES			<u>2,483,395</u>		<u>2,344,534</u>
FUNDS OF THE ACADEMY					
Restricted funds:					
Restricted income fund	15	203,250		121,936	
Fixed asset fund	15	2,324,943		2,222,700	
		<u>2,528,193</u>		<u>2,344,636</u>	
Restricted funds excluding pension liability					
Pension reserve		(133,000)		(78,000)	
		<u></u>		<u></u>	
Total restricted funds			2,395,193		2,266,636
Unrestricted income funds	15		88,202		77,898
TOTAL FUNDS			<u>2,483,395</u>		<u>2,344,534</u>

The financial statements were approved by the Trustees, and authorised for issue, on 5 December 2016 and are signed on their behalf, by:


H Seary
Chair of Trustees

The notes on pages 22 to 43 form part of these financial statements.

BRADGATE EDUCATION PARTNERSHIP
(A company limited by guarantee)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 AUGUST 2016

	Note	2016 £	2015 £
Cash flows from operating activities			
Net cash provided by operating activities	17	<u>124,949</u>	<u>135,597</u>
Cash flows from investing activities:			
Interest received		413	1,627
Proceeds from the sale of tangible fixed assets		-	985
Purchase of tangible fixed assets		(162,306)	(993,901)
Capital grants from DfE/EFA and other capital income		<u>158,398</u>	<u>872,701</u>
Net cash used in investing activities		<u>(3,495)</u>	<u>(118,588)</u>
Change in cash and cash equivalents in the year		121,454	17,009
Cash and cash equivalents at 1 September 2015		<u>321,393</u>	<u>304,384</u>
Cash and cash equivalents at 31 August 2016		<u><u>442,847</u></u>	<u><u>321,393</u></u>

BRADGATE EDUCATION PARTNERSHIP
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the academy trust, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention in accordance with the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (Charities SORP (FRS 102)), the Academies Accounts Direction 2015 to 2016 issued by EFA, the Charities Act 2011 and the Companies Act 2006.

Bradgate Education Partnership constitutes a public benefit entity as defined by FRS 102.

First time adoption of FRS 102

These financial statements are the first financial statements of Bradgate Education Partnership prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities SORP 2015 (SORP 2015). The financial statements of Bradgate Education Partnership for the year ended 31 August 2015 were prepared in accordance with previous Generally Accepted Accounting Practice ('UK GAAP') and SORP 2005.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the Trustees have amended certain accounting policies to comply with FRS 102 and SORP 2015. The Trustees have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reconciliations to previous UK GAAP for the comparative figures are included in note 24.

1.2 FUND ACCOUNTING

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the academy at the discretion of the Trustees.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted fixed asset funds are resources which are to be applied to specific capital purposes imposed by the Department for Education where the asset acquired or created is held for a specific purpose.

Restricted general funds comprise all other restricted funds received with restrictions imposed by the funder and include grants from the Education Funding Agency.

Investment income, gains and losses are allocated to the appropriate fund.

Transfers between funds and between categories of funds i.e. restricted, designated and unrestricted are only processed with due regard to grant terms, agreements of funders (where applicable) and due process where formal trustees' resolutions are required. Full disclosures are given within the notes to the accounts for any transfers processed.

BRADGATE EDUCATION PARTNERSHIP
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.3 INCOME

All income is recognised once the academy has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Grants are included in the statement of financial activities incorporating income and expenditure account on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the balance sheet. Where income is received in advance of entitlement of receipt, its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the statement of financial activities incorporating income and expenditure account in the year for which it is receivable and any abatement in respect of the period is deducted from income and recognised as a liability. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund. Capital grants are recognised when there is entitlement and are not deferred over the life of the asset on which they are expended, Unspent amounts of capital grant are reflected in the balance in the restricted fixed asset fund.

Donated fixed assets are measured at fair value, unless it is impractical to measure this reliably, in which case the cost of the item to the donor should be used. The gain is recognised as income from donations and a corresponding amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with the academy trust's accounting policies.

Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

Other income, including the hire of facilities, is recognised in the period in which it is receivable and to the extent the goods have been provided or on completion of the service.

1.4 EXPENDITURE

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Expenditure on raising funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities costs are those costs incurred on the academy trust's educational operations, including support costs and costs relating to the governance of the academy trust apportioned to charitable activities.

All resources expended are inclusive of irrecoverable VAT.

BRADGATE EDUCATION PARTNERSHIP
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

1.5 GOING CONCERN

The Trustees assess whether the use of going concern is appropriate, i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the academy to continue as a going concern. The Trustees make this assessment in respect of a period of at least one year from the date of authorisation for issue of the financial statements and have concluded that the academy trust has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the academy trust's ability to continue as a going concern, thus they continue to adopt the going concern basis of accounting in preparing the financial statements..

1.6 TANGIBLE FIXED ASSETS AND DEPRECIATION

All assets costing more than £1,000 capitalised.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the government or from the private sector, they are included in the balance sheet at cost and depreciated over their expected useful economic life. Where there are specific conditions attached to the funding requiring the continued use of the asset, the related grants are credited to a restricted fixed asset fund in the statement of financial activities incorporating income and expenditure account and carried forward in the balance sheet. Depreciation on the relevant assets is charged directly to the restricted fixed asset fund in the statement of financial activities incorporating income and expenditure account. Where tangible fixed assets have been acquired with unrestricted funds, depreciation on such assets is charged to the unrestricted fund.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the statement of financial activities incorporating income and expenditure account.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is not charged on freehold land. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold buildings	-	2% Straight line
Leasehold land (125 year lease)	-	Over 125 years
Fixtures and fittings	-	20% Straight line
Computer equipment	-	33% Straight line
Construction in progress	-	Not depreciated

1.7 OPERATING LEASES

Rentals under operating leases are charged to the statement of financial activities incorporating income and expenditure account on a straight line basis over the lease term.

1.8 TAXATION

The academy is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the academy is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

BRADGATE EDUCATION PARTNERSHIP
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

1. ACCOUNTING POLICIES (continued)

1.9 CASH AT BANK AND IN HAND

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

1.10 LIABILITIES AND PROVISIONS

Liabilities are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the academy anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide.

Provisions are recognised when the academy trust has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and the obligation can be estimated reliably. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.11 PENSIONS

Retirement benefits to employees of the academy are provided by the Teachers' Pension Scheme ("TPS") and the Local Government Pension Scheme ("LGPS"). These are defined benefit schemes and the assets are held separately from those of the academy.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quadrennial valuations using a prospective unit credit method. As stated in note 20, the TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution scheme for accounting purposes and the contributions recognised in the period to which they relate.

The LGPS is a funded scheme and the assets are held separately from those of the academy trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the statement of financial activities incorporating income and expenditure account and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses

BRADGATE EDUCATION PARTNERSHIP
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

1. ACCOUNTING POLICIES (continued)

1.12 CRITICAL ACCOUNTING ESTIMATES AND AREAS OF JUDGEMENT

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The academy trust makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Defined benefit pension scheme

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 20, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2013 has been used by the actuary in valuing the pensions liability at 31 August 2016. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

Tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 14 for the carrying amount of the property leasehold buildings, fixtures and fittings and computer equipment, and note 1.6 for the useful economic lives for each class of assets.

2. DONATIONS AND CAPITAL GRANTS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
Capital grants	-	186	1,700	1,886	10,480
Government grants	-	-	158,398	158,398	872,701
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total donations and capital grants	-	186	160,098	160,284	883,181
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

In 2015, of the total income from donations and capital grants, £ NIL was to unrestricted funds and £883,181 was to restricted funds

BRADGATE EDUCATION PARTNERSHIP
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

3. OTHER TRADING ACTIVITIES

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Breakfast/After school clubs	4,419	-	4,419	2,006
Fundraising events	5,305	-	5,305	1,845
Consultancy work for other schools	826	-	826	-
	<u>10,550</u>	<u>-</u>	<u>10,550</u>	<u>3,851</u>

In 2015, of the total income from other trading activities, £3,851 was to unrestricted funds and £ NIL was to restricted funds.

4. INVESTMENT INCOME

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
Bank interest received	297	116	413	1,627

In 2015, of the total investment income, £1,555 was to unrestricted funds and £ 72 was to restricted funds.

5. FUNDING FOR ACADEMY'S EDUCATIONAL OPERATIONS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Total funds 2016 £	Total funds 2015 £
DfE/EFA grants				
General Annual Grant (GAG)	-	472,018	472,018	472,966
Other DfE/EFA grants	-	128,961	128,961	53,294
	<u>-</u>	<u>600,979</u>	<u>600,979</u>	<u>526,260</u>
Other income				
Other grants	-	1,175	1,175	-
STEP Teaching School Alliance	-	208,027	208,027	83,130
	<u>-</u>	<u>209,202</u>	<u>209,202</u>	<u>83,130</u>
	<u>-</u>	<u>810,181</u>	<u>810,181</u>	<u>609,390</u>

In 2015, of the total income from charitable activities, £ NIL was to unrestricted funds and £609,390 was to restricted funds.

BRADGATE EDUCATION PARTNERSHIP
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

6. CHARITABLE ACTIVITIES

	Total funds 2016 £	Total funds 2015 £
DIRECT COSTS - EDUCATIONAL OPERATIONS		
Teaching and educational support staff costs - salaries	338,143	270,448
Teaching and educational support staff costs - NI	21,475	13,441
Teaching and educational support staff costs - pensions	62,517	44,055
LGPS pension interest cost (£8,000) less return on assets (£5,000)	3,000	3,000
Educational supplies	19,616	10,503
Staff development	9,104	5,421
Other direct costs	9,621	20,054
Recruitment	1,074	600
Depreciation	45,062	20,034
Technology costs	857	423
STEP Teaching School Alliance costs	58,671	46,820
	<hr/> 569,140	<hr/> 434,799
SUPPORT COSTS - EDUCATIONAL OPERATIONS		
Support staff costs - salaries	89,647	63,195
Support staff costs - NI	4,575	1,778
Support staff costs - pensions	15,412	10,795
Maintenance of premises and equipment	11,211	5,799
Cleaning	2,755	1,718
Rates	3,891	4,372
Insurance	8,534	15,286
Depreciation	15,021	6,678
Catering	17,763	12,035
Bank interest and charges	597	491
Legal and professional fees	930	2,479
Other support costs	22,636	19,828
Technology costs	2,149	189
Energy costs	7,645	6,824
Loss on disposal of assets	-	2,355
Governance	24,118	11,064
	<hr/> 226,884	<hr/> 164,886
	<hr/> 796,024	<hr/> 599,685

BRADGATE EDUCATION PARTNERSHIP
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

7. EXPENDITURE

	Staff costs 2016 £	Premises 2016 £	Other costs 2016 £	Total 2016 £	Total 2015 £
Expenditure on raising funds	-	-	543	543	270
Educational Operations:					
Direct costs	422,135	45,062	101,943	569,140	434,799
Support costs	109,634	49,057	68,193	226,884	164,886
	<u>531,769</u>	<u>94,119</u>	<u>170,679</u>	<u>796,567</u>	<u>599,955</u>

In 2015, of the total fundraising expenditure, £270 was to unrestricted funds and £NIL was to restricted funds.

In 2015, of total educational operations expenditure, £NIL was to unrestricted funds, £572,973 was to restricted funds and £26,982 to restricted fixed asset funds.

8. NET INCOMING RESOURCES/(RESOURCES EXPENDED)

This is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets:		
- capitalised by the charity	60,083	26,712
Loss on disposal of fixed assets	-	2,355
Auditors' remuneration - audit	4,750	4,373
Auditors' remuneration - other services	2,157	5,227
Operating lease rentals	<u>1,331</u>	<u>1,331</u>

BRADGATE EDUCATION PARTNERSHIP
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

9. STAFF COSTS

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	427,790	333,643
Social security costs	26,050	15,219
Operating costs of defined benefit pension schemes	77,929	54,850
	<u>531,769</u>	<u>403,712</u>
Supply teacher costs	-	13,918
	<u>531,769</u>	<u>417,630</u>

The average number of persons employed by the academy during the year was as follows:

	2016 No.	2015 No.
Teachers	6	4
Administration and support	27	24
Management	1	1
	<u>34</u>	<u>29</u>

The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	2016 No.	2015 No.
In the band £70,001 - £80,000	1	1

The above employee participated in the Teachers' Pension Scheme. During the year ended 31 August 2016, pension contributions for this staff member amounted to £11,960 (2015 - £9,807).

The key management personnel of the academy trust comprise the trustees and the senior management team as listed on page 1. The total amount of employee benefits (including employer pension contributions) received by key management personnel for their services to the academy trust was £158,255 (2015: £131,503).

BRADGATE EDUCATION PARTNERSHIP
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

10. TRUSTEES' REMUNERATION AND EXPENSES

During the year retirement benefits were accruing to 4 Trustees (2015 - 4) in respect of defined benefit pension schemes.

One or more Trustees has been paid remuneration or has received other benefits from an employment with the academy trust. The Principal and other staff Trustees only receive remuneration in respect of services they provide undertaking the roles of principal and other staff members under their contracts of employment, and not in respect of their role as Trustees. The value of Trustees' remuneration and other benefits was as follows:

G Nelmes (Executive Headteacher and Trustee)

Remuneration £70,000 - £75,000 (2015: £70,000 - £75,000)

Employer's pension contributions £10,000 - £15,000 (2015: £5,000 - £10,000)

L Fox (Staff Trustee) (appointed 14 January 2015)

Remuneration £40,000 - £45,000 (2015: £20,000 - £25,000)

Employer's pension contributions £5,000 - £10,000 (2015: £0,000 - £5,000)

S Hensman (Staff Trustee) (resigned 14 October 2015)

Remuneration £0,000 - £5,000 (2015: £5,000 - £10,000)

Employer's pension contributions £0,000 - £5,000 (2015: £0,000 - £5,000)

L Simms (Staff Trustee) (appointed 31 December 2015)

Remuneration £15,000 - £20,000 (2015: £NIL)

Employer's pension contributions £0,000 - £5,000 (2015: £NIL)

During the year, no Trustees received any benefits in kind (2015 - £NIL).

During the year, no Trustees received any reimbursement of expenses (2015 - £NIL).

11. TRUSTEES' AND OFFICERS' INSURANCE

In accordance with normal commercial practice the academy has purchased insurance to protect trustees and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £3,000,000 on any one claim and the cost for the year ended 31 August 2016 was £128 (2015 - £1,101).

BRADGATE EDUCATION PARTNERSHIP
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

12. TANGIBLE FIXED ASSETS

	Leasehold land and buildings £	Construction in progress £	Fixtures and fittings £	Computer equipment £	Total £
COST					
At 1 September 2015	1,270,307	984,190	21,331	17,126	2,292,954
Additions	131,799	-	10,900	19,607	162,306
Transfer between classes	984,190	(984,190)	-	-	-
At 31 August 2016	2,386,296	-	32,231	36,733	2,455,260
DEPRECIATION					
At 1 September 2015	62,127	-	2,402	10,885	75,414
Charge for the year	45,146	-	5,767	9,170	60,083
At 31 August 2016	107,273	-	8,169	20,055	135,497
NET BOOK VALUE					
At 31 August 2016	2,279,023	-	24,062	16,678	2,319,763
At 31 August 2015	1,208,180	984,190	18,929	6,241	2,217,540

The land and buildings are held on a 125 year lease with the Local Authority. The cost of the land and buildings was arrived at in the period ended 31 August 2013 using the EFA standard valuation on a depreciated replacement cost basis provided to the academy. This provided a value for the land and buildings as at the date of conversion.

The addition to the land and buildings is in relation to an extension of the school buildings to add capacity.

13. DEBTORS

	2016 £	2015 £
Trade debtors	2,486	5,751
VAT recoverable	2,809	37,223
Prepayments and accrued income	3,928	21,986
	<u>9,223</u>	<u>64,960</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Trade creditors	1,138	434
Taxation and social security	8,097	-
Other creditors	9,549	-
Accruals and deferred income	136,654	180,925
	<u>155,438</u>	<u>181,359</u>

BRADGATE EDUCATION PARTNERSHIP
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (continued)

	2016 £	2015 £
DEFERRED INCOME		
Deferred income at 1 September 2015	14,664	16,055
Resources deferred during the year	108,233	14,664
Amounts released from previous years	(14,664)	(16,055)
	<u>108,233</u>	<u>14,664</u>
Deferred income at 31 August 2016	<u>108,233</u>	<u>14,664</u>

The closing balance of deferred income is the amount received of £14,913 in respect of Universal Infant Free School Meals for the 2016/17 academic year and Condition Improvement Funding received in advance of a classroom refurbishment project starting of £93,320.

15. STATEMENT OF FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
UNRESTRICTED FUNDS						
General Funds	77,898	10,847	(543)	-	-	88,202
RESTRICTED GENERAL FUNDS						
General Annual Grant (GAG)	57,957	472,018	(460,654)	(2,228)	-	67,093
Pupil Premium	-	2,090	(2,090)	-	-	-
Other DfE/EFA grants	-	126,871	(67,491)	-	-	59,380
Other grants	-	1,175	(125)	-	-	1,050
STEP Teaching School Alliance	62,875	208,143	(196,456)	-	-	74,562
Friends of Gaddesby School	1,104	186	(125)	-	-	1,165
Pension reserve	(78,000)	-	(9,000)	-	(46,000)	(133,000)
	<u>43,936</u>	<u>810,483</u>	<u>(735,941)</u>	<u>(2,228)</u>	<u>(46,000)</u>	<u>70,250</u>

BRADGATE EDUCATION PARTNERSHIP
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

15. STATEMENT OF FUNDS (continued)

RESTRICTED FIXED ASSET FUNDS

	Brought Forward £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Carried Forward £
DfE/EFA Capital grants	1,018,453	148,448	(31,403)	-	-	1,135,498
Transfer from local authority	1,191,590	-	(22,980)	-	-	1,168,610
Other grants	603	11,650	(1,748)	-	-	10,505
Capital expenditure from GAG	12,054	-	(3,952)	2,228	-	10,330
	<u>2,222,700</u>	<u>160,098</u>	<u>(60,083)</u>	<u>2,228</u>	<u>-</u>	<u>2,324,943</u>
Total restricted funds	<u>2,266,636</u>	<u>970,581</u>	<u>(796,024)</u>	<u>-</u>	<u>(46,000)</u>	<u>2,395,193</u>
Total of funds	<u>2,344,534</u>	<u>981,428</u>	<u>(796,567)</u>	<u>-</u>	<u>(46,000)</u>	<u>2,483,395</u>

The specific purposes for which the funds are to be applied are as follows:

Restricted General Funds

The General Annual Grant (GAG) relates to the school's development and operational activities. The transfer from GAG relates to funding towards fixed asset additions in the year.

Pupil Premium relates to additional funding received to raise the attainment of disadvantaged pupils of all abilities and to close the gaps between them and their peers. All funds have been spent in full within the year.

The other DfE/EFA restricted funds grants consists of PE Sports grant, Special Education Needs (SEN) funding, Universal Infant Free School Meals funding, National Leaders of Education bursary grants, Leicestershire County Council Risk Bids grants and the EFA Primary Chains grant. The closing balance relates to unspent EFA Primary Chains grant to be spent on the Multi Academy Trust formation costs.

Other grants consist of income from the Leicester and Leicestershire SCITT and a grant from Ernest Cook Trust. The closing balance of £1,050 is the Ernest Cook Trust grant to be spent on outdoor play equipment.

The STEP Teaching School Alliance income includes grant income from the National College for Teaching for School to School support for which there were £11,644 of unspent funds carried forward. There was also unspent grant income from Leicestershire County Council in relation to the Leicestershire Education Excellence Partnership (LEEP) amounting to £3,542. Other income unspent income carry forward is for membership, subscriptions and course fees received from members of the group and non-members during the year of £59,376. All carried forward balances of unspent funds at the end of the year will be reinvested in the project.

Friends of Gaddesby School funds are to be used for future expenditure in line with that charity's wishes.

The pension reserve relates to the school's share of the deficit of the Leicestershire County Council's Local Government Pension Scheme.

BRADGATE EDUCATION PARTNERSHIP
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

15. STATEMENT OF FUNDS (continued)

Restricted Fixed Assets Funds

DfE/EFA capital grants relate to funding received from these sources to purchase fixed assets. The balance carried forward relates to the net book value of the assets concerned plus unspent Devolved Capital Funding of £5,180.

The transfer from local authority relates to the value of leasehold land and moveable assets transferred from the local authority to the academy on conversion less depreciation charged to date.

Other grants included within fixed asset funds consists of donations received. The carried forward balance represents the book value of assets purchased.

Capital expenditure from GAG relates to capitalised expenditure allocated to GAG within this grant's terms. The income element is shown as a transfer from restricted funds, where the GAG is received, to the restricted fixed assets fund where it has been spent.

Under the funding agreement with the Secretary of State, the academy was not subject to a limit on the amount of GAG that it could carry forward at 31 August 2016.

16. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Unrestricted funds 2016 £	Restricted funds 2016 £	Restricted fixed asset funds 2016 £	Total funds 2016 £	Total funds 2015 £
	-	-	-	-	2,217,540
Tangible fixed assets	-	-	2,319,763	2,319,763	-
Current assets	175,914	270,976	5,180	452,070	386,353
Current liabilities	(87,712)	(67,726)	-	(155,438)	(181,359)
Pension scheme liability	-	(133,000)	-	(133,000)	(78,000)
	<u>88,202</u>	<u>70,250</u>	<u>2,324,943</u>	<u>2,483,395</u>	<u>2,344,534</u>

BRADGATE EDUCATION PARTNERSHIP
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

**17. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW
FROM OPERATING ACTIVITIES**

	2016 £	2015 £
Net income for the year (as per Statement of Financial Activities)	184,861	898,094
Adjustment for:		
Depreciation charges	60,083	26,712
Interest receivable	(413)	(1,627)
Loss on the disposal of tangible fixed assets	-	2,355
Decrease/(Increase) in debtors	55,737	(52,281)
(Decrease)/increase in creditors	(25,921)	127,045
Capital grants from DfE and other capital income	(158,398)	(872,701)
Defined benefit pension scheme cost less contributions payable	6,000	5,000
Defined benefit pension scheme finance cost	3,000	3,000
Net cash provided by operating activities	124,949	135,597

18. ANALYSIS OF CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash in hand	442,847	321,393
Total	442,847	321,393

19. CAPITAL COMMITMENTS

At 31 August 2016 the academy had capital commitments as follows:

	2016 £	2015 £
Contracted for but not provided in these financial statements	-	105,108

BRADGATE EDUCATION PARTNERSHIP
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

20. PENSION COMMITMENTS

The academy's employees belong to two principal pension schemes: the Teacher's Pension Scheme for England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Leicestershire County Council. Both are Multi-employer defined benefit pension schemes.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2012 and of the LGPS 31 March 2013.

Contributions amounting to £9,248 were payable to the schemes at 31 August 2016 (2015 - NIL and are included within creditors).

Teachers' Pension Scheme

Introduction

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations (2010) and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. Membership is automatic for full-time teachers in academies and, from 1 January 2007, automatic for teachers in part-time employment following appointment or a change of contract, although they are able to opt out.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions along with those made by employers are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament.

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary, using normal actuarial principles, conducts a formal actuarial review of the TPS in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014 published by HM Treasury. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with the Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key elements of the valuation and subsequent consultation are:

- employer contribution rates set at 16.48% of pensionable pay, including a 0.08% employer administration charge (currently 14.1%)
- total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £191,500 million, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £176,600 million giving a notional past service deficit of £14,900 million
- an employer cost cap of 10.9% of pensionable pay will be applied to future valuations
- the assumed real rate of return is 3.0% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed nominal rate of return is 5.06%.

During the previous year the employer contribution rate was 14.1%. The TPS valuation for 2012 determined an employer rate of 16.4%, which was payable from September 2015. The next valuation of the TPS will be as at March 2016, whereupon the employer contribution rate is expected to be reassessed and will be payable from 1 April 2019.

The employer's pension costs paid to TPS in the period amounted to £44,547 (2015 - £31,129).

A copy of the valuation report and supporting documentation is on the Teachers' Pensions website (www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx).

BRADGATE EDUCATION PARTNERSHIP
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

20. PENSION COMMITMENTS (continued)

Under the definitions set out in FRS 102, the TPS is a multi-employer pension scheme. The trust has accounted for its contributions to the scheme as if it were a defined contribution scheme. The trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined benefit scheme, with assets held in separate trustee-administered funds. The total contribution made for the year ended 31 August 2016 was £37,000 (2015 - £24,000), of which employer's contributions totalled £29,000 (2015 - £19,000) and employees' contributions totalled £8,000 (2015 - £5,000). The agreed contribution rates for future years are 22.4% for employers and 5.5 - 12.5% for employees.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Principal actuarial assumptions:

	2016	2015
Discount rate for scheme liabilities	2.10 %	3.80 %
Rate of increase in salaries	3.10 %	4.60 %
Rate of increase for pensions in payment / inflation	2.10 %	2.70 %
Inflation assumption (CPI)	2.10 %	2.70 %
Commutation of pensions to lump sums	50.00 %	50.00 %

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	2016	2015
Retiring today		
Males	22.2	22.2
Females	24.3	24.3
Retiring in 20 years		
Males	24.2	24.2
Females	26.6	26.6

BRADGATE EDUCATION PARTNERSHIP
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

20. PENSION COMMITMENTS (continued)

The academy's share of the assets in the scheme were:

	Fair value at 31 August 2016	Fair value at 31 August 2015
Equities	122,000	70,000
Debt instruments	30,000	22,000
Property	15,000	12,000
Cash	2,000	2,000
	-	-
Total market value of assets	<u>169,000</u>	<u>106,000</u>

The actual return on scheme assets was £5,000 (2015 - £3,000).

Expected returns on assets are calculated as follows:-

The figures shown in the standard FRS102 report for Fund employers are based on the actuary's recommended return assumptions which are derived from the Hymans Robertson Asset Model (HRAM), the proprietary stochastic asset model developed and maintained by Hymans Robertson LLP.

Asset model

The HRAM type of model is known as an economic scenario generator and uses probability distributions to project a range of possible outcomes for the future behaviour of asset returns and economic variables. Some of the parameters of the model are dependent on the current state of financial markets and are updated each month (for example, the current level of equity market volatility) while other more subjective parameters do not change with different calibrations of the model.

Key subjective assumptions are:

- the average excess equity return over the risk free asset (tending to approximately 3% p.a. as the investment horizon is increased),
- the volatility of equity returns (approximately 18% p.a. over the long term) and the level and volatility of yields, credit spreads, inflation and expected (breakeven) inflation, which affect the projected value placed on the liabilities and bond returns.
- the output of the model is also affected by other more subtle effects, such as the correlations between economic and financial variables.

The only exception to the use of HRAM is in deriving the expected return on bond assets: instead of the HRAM output, the actuary has used the yields applicable at the accounting date on suitable bond indices.

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period (i.e. as at 1 September 2015 for the year to 31 August 2016, or date of joining the fund if later).

BRADGATE EDUCATION PARTNERSHIP
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

20. PENSION COMMITMENTS (continued)

The amounts recognised in the statement of financial activities incorporating income and expenditure account are as follows:

	2016 £	2015 £
Current service cost (net of employee contributions)	(35,000)	(24,000)
Net interest cost	(3,000)	(3,000)
	<hr/>	<hr/>
Total	(38,000)	(27,000)
	<hr/>	<hr/>

Movements in the present value of the defined benefit obligation were as follows:

	2016 £	2015 £
At 1 September	184,000	153,000
Current service cost	35,000	24,000
Interest cost	8,000	6,000
Employee contributions	8,000	5,000
Actuarial gains and (losses)	68,000	(3,000)
Benefits paid	(1,000)	(1,000)
	<hr/>	<hr/>
At 31 August	302,000	184,000
	<hr/>	<hr/>

Movements in the fair value of the academy's share of scheme assets:

	2016 £	2015 £
At 1 September	106,000	79,000
Return on plan assets (excluding net interest on the net defined pension liability)	5,000	3,000
Actuarial gains and (losses)	22,000	1,000
Employer contributions	29,000	19,000
Employee contributions	8,000	5,000
Benefits paid	(1,000)	(1,000)
	<hr/>	<hr/>
At 31 August	169,000	106,000
	<hr/>	<hr/>

Sensitivity analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions as at 31 August 2016:	Approximate % increase to Employer Liability	Approximate monetary amount £
0.5% decrease in Real Discount Rate	19%	59,000
1 year increase in member life expectancy	3%	9,000
0.5% increase in the Salary Increase Rate	7%	22,000
0.5% increase in the Pension Increase Rate	11%	35,000

BRADGATE EDUCATION PARTNERSHIP
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

21. OPERATING LEASE COMMITMENTS

At 31 August 2016 the total of the Academy trust's future minimum lease payments under non-cancellable operating leases was:

	2016 £	2015 £
AMOUNTS PAYABLE:		
Within 1 year	1,331	1,331
Between 1 and 5 years	1,331	2,662
Total	<u>2,662</u>	<u>3,993</u>

22. RELATED PARTY TRANSACTIONS

Owing to the nature of the academy's operations and the composition of the board of trustees being drawn from public and private sector organisations, transactions may take place with organisations in which a trustee has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the academy's financial regulations and normal procurement procedures. The following related party transactions took place in the period of account.

Susan Hensman was a Trustee of the academy until 14 October 2015 and had the following interests:

- The academy had purchased grounds maintenance services from Paul Hensman (Susan Hensman's husband) totalling £183 (2015: £2,750) during the period of her appointment. There were no amounts owing at 31 August 2016 (2015: £Nil).

Heidi Seary a Trustee of the academy was employed by The Federation of City Farms and Community Gardens and has the following interests:

- Heidi Seary provided training through her employment with The Federation of City Farms and Community Gardens to the STEP Teaching School Alliance totalling £Nil (2015: £1,557) during the period of her appointment. There were no amounts outstanding at 31 August 2016 (2015: £Nil).

In entering into these transactions the academy has complied with the requirements of EFA's Academies Financial Handbook.

The mother of L Simms, who was a Trustee of the academy, is employed by the academy as a cleaner and is paid at a standard level for this role.

During the year, the academy received rental income totalling £1,514 (2015: £1,314) from Gaddesby School Community Limited for the use of school premises to provide holiday, breakfast and afterschool clubs. The transactions were below market rent as the organisation, is a not for profit, limited by guarantee company, and reinvests any surpluses back into the organisation for the benefit of the children, in line with the objects of the company. The Trustees of Gaddesby Primary School consider that this arrangement benefits its pupils and provides value for money.

No other related party transactions took place during the year.

BRADGATE EDUCATION PARTNERSHIP
(A company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016**

23. MEMBERS' LIABILITY

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £ 10 for the debts and liabilities contracted before he/she ceases to be a member.

24. FIRST TIME ADOPTION OF FRS 102

It is the first year that the Academy Trust has presented its financial statements under SORP 2015 and FRS 102. The following disclosures are required in the year of transition. The last financial statements prepared under previous UK GAAP were for the year ended 31 August 2015 and the date of transition to FRS 102 and SORP 2015 was therefore 1 September 2014. As a consequence of adopting FRS 102 and SORP 2015, a number of accounting policies have changed to comply with those standards.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the Trustees have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Reconciliations and descriptions of the effect of the transition to FRS 102 and SORP 2015 on total funds and net income/(expenditure) for the comparative period reported under previous UK GAAP and SORP 2005 are given below.

RECONCILIATION OF TOTAL FUNDS	Notes	1 September 2014 £	31 August 2015 £
Total funds under previous UK GAAP	A	1,442,440	2,344,534
Total funds reported under FRS 102		<u>1,442,440</u>	<u>2,344,534</u>

Reconciliation of net income	Notes	31 August 2015 £
Net income previously reported under UK GAAP		900,094
Change in recognition of LGPS interest cost	A	2,000
Net movement in income reported under FRS 102		<u>902,094</u>

Explanation of changes to previously reported funds and net income/expenditure:

A - Change in recognition of LGPS interest cost

Under previous UK GAAP the trust recognised an expected return on defined benefit plan assets in income. Under FRS102 a net interest expense, based on the net defined benefit liability, is recognised in expense. There has been no change in the defined benefit liability at either 1 September 2014 or 31 August 2015. The effect of the change has been to reduce the credit to income by £2,000 and increase the debit in other recognised gains and losses in the SOFA by an equivalent amount.

BRADGATE EDUCATION PARTNERSHIP
(A company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2016

25. POST BALANCE SHEET EVENTS

On 1 September 2016 the following academies joined the Trust, which became a Multi Academy Trust:

Broomfield Primary School
Church Hill Infant School
Eastfield Primary School
Great Dalby Primary School
The Merton Primary School
Newtown Linford Primary School
The Pochin School
The Roundhill Academy
Seagrave Village Primary School
Swallowdale Primary School